

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 RSR-01

/187 W

----- 069421

R 130330Z AUG 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 7002

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L WELLINGTON 2111

E.O. 11652: GDS

TAGS: EAID, CI, IBRD

SUBJECT: IBRD LOANS TO CHILE

REF: A. STATE 147739; B. STATE 152017 NOTAL;

C. STATE 154382 NOTAL; D. STATE 154386 NOTAL; E. STATE 146612

1. EXTRA AMMUNITION REFTELS B, C, D AND E VERY HELPFUL  
ENABLE MORE COMPLETE PRESENTATION US POSITION.

2. AFTER GNZ RECEIPT FURTHER DETAILS FROM WASHINGTON ON  
IBRD STAFF PROPOSAL ECON OFFICER HAD SECOND MEETING WITH  
LOUGH, ASST SECY TREASURY. IT EVIDENT THAT INFO  
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GNZ RECEIVED FROM WASHINGTON MORE LIKELY REINFORCED

(AND CERTAINLY DID NOT DIMINISH) INCLINATION NOT OPPOSE  
IBRD STAFF PROPOSAL CHILEAN LOANS.

3. LOUGH GIVEN COPY OF ENGLISH TRANSLATION OF  
JULY 13 MEMO OF AGREEMENT OF PARIS CLUB (REF D)  
WHICH HE READ CAREFULLY. EMBASSY OFFICER DREW ON  
BACKGROUND REF E AND STRESSED INFO PARAS 2 AND 3  
REF C, BUT IT EVIDENT LOUGH WOULD NOT BE SWAYED.  
HIS REPEATED REJOINER WAS HE COULD NOT SEE HOW IBRD'S  
REFUSING TO MAKE FURTHER LOAN NOW TO HELP CHILE DEVELOP  
ITS ECONOMY AND GET ITS PRODUCTIVITY UP SO IT WOULD BE  
ABLE TO MAKE PAYMENTS TO IBRD COULD BE HARMFUL. HE  
COULD NOT SEE BENEFIT IN DELAYING ACTION UNTIL AFTER  
PARIS CLUB MEETING.

4. AS FINAL EFFOR POINTS REFTEL B ALSO MADE.  
IN REPLY LOUGH SAIF GNZ POSITION NOT YET FIRM BUT  
HE DOUBTED GNZ COULD INSTRUCT NZ/IBRD EXECUTIVE DIRECTOR  
TO VOTE AGAINST PROPOSAL EVEN IF BROUGHT UP BEFORE  
PARIS CLUB MEETING, AS IT SEEMED "THOROUGHLY PRACTICABLE,  
SENSIBLE WAY OF MAKING BEST OF A BAD SITUATION, A WAY  
OF MAINTAINING A PRODUCTIVE RELATIONSHIP TO HELP CHILE  
AND ENABLE IT TO IMPROVE ITS DEVELOPMENT PERFORMANCE  
TOWARD A VIABLE ECONOMY."

5. IT APPEARS THAT LOUGH'S ATTITUDE INFLUENCED BY  
FACTORS OTHER THAN THOSE TREATED IN REFTELS -- PERHAPS  
THE DEVELOPING BILATERAL ECONOMIC RELATIONS BETWEEN  
NEW ZEALAND AND CHILE. LOUGH REFERRED TO GNZ EXPERT  
WHO HAD BEEN IN CHILE FOR ONE MONTH DEVELOPING INFORMATION  
OF PROPOSED GNZ TECHNICAL ASSISTANCE TO CHILE.

6. IT PROBABLE US IS ONLY COUNTRY SO FAR TO MAKE  
REPRESENTATIONS AND IT LIKELY THAT THIS IS BEING  
INTERPRETED HERE AS MATTER PECULIARLY OF US INTEREST (I.E.  
BRINGING PRESSURE ON CHILE TO COME TO GRIPS ON COMPENSATION  
FOR CONFISCATED US PROPERTIES) RATHER THAN REAL  
GENERAL CONCERN PARIS CLUB OR OTHER IBRD MEMBERS.  
LOUGH TWICE EXPRESSED INTEREST IN WHICH OTHER COUNTRIES  
SHARE US VIEW.  
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7. LOUGH ACKNOWLEDGED SOME CONCERN THAT THIS ACTION  
MIGHT CREATE A PRECEDENT OF BANK ACQUIESCING TO WHAT  
COULD APPEAR EFFECTIVELY AS A FORCED LOAN. BUT WITHOUT  
OTHER OVERRIDING CONSIDERATIONS, IT CLEAR THIS IS NOT  
NOW SUFFICIENT TO INDUCE GNZ OPPOSITION.

8. IT POSSIBLE THAT GNZ MIGHT STILL BE INDUCED TO

OPPOSE IF SOME OTHER COUNTRIES MAKE REPRESENTATIONS AND  
IT EVIDENT THAT MOST OTHER LEADING MEMBERS OPPOSED  
TO LOAN PROPOSALS.  
WOOD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** hilburpw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973WELLIN02111  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS WOOD  
**Errors:** N/A  
**Film Number:** n/a  
**From:** WELLINGTON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730840/aaaabdfw.tel  
**Line Count:** 119  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Secure:** OPEN  
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**Subject:** IBRD LOANS TO CHILE  
**TAGS:** EAID, CI, IBRD  
**To:** STATE  
**Type:** TE  
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